

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02042A
Fools Hollow Water Company
P.O. Box 484
Show Low, AZ 85902

F

RECEIVED

MAY 16 2006

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005
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entered
5-16-06
RF

FOR COMMISSION USE

ANN04	05
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COMPANY INFORMATION

Company Name (Business Name) Fools Hollow Water Company, Inc.

Mailing Address P.O. Box 484
(Street)

Show Low
(City)

AZ
(State)

85902
(Zip)

928-537-1114
Telephone No. (Include Area Code)

928-537-5060
Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address vmac@citlink.net

Local Office Mailing Address Same as above
(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Victoria McCarty **Secretary/Treasurer** _____
(Name) (Title)

P.O. Box 484 **Show Low** **AZ** **85902**
(Street) (City) (State) (Zip)
928-537-1114 928-537-5060

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address vmac@citlink.net

On Site Manager: Victoria McCarty
(Name)

P.O. Box 484 **Show Low** **AZ** **85902**
(Street) (City) (State) (Zip)

928-537-1114

928-537-5060

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address vmac@citlink.net

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: James D. McCarty

(Name)

1500 W. Deuce of Clubs Show Low AZ 85901
(Street) (City) (State) (Zip)

928-537-1114
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Grant & Vaughn, P.C.
(Name)

6225 N. 24th Street/Suite 125 Phoenix AZ 85016
(Street) (City) (State) (Zip)

602-393-4322 602-393-4327
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input checked="" type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
	Organization			
302	Franchises			
303	Land and Land Rights	10,214	0	10,214
304	Structures and Improvements	4,578	3,577	1,001
307	Wells and Springs	19,044	13,533	5,511
311	Pumping Equipment	11,834	11,312	522
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	59,170	23,720	35,450
331	Transmission and Distribution Mains	130,961	44,169	86,792
333	Services	6,390	5,739	651
334	Meters and Meter Installations	15,197	14,984	213
335	Hydrants	7,457	386	7,071
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	4,363	1,887	2,476
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	269,208	119,307	149,901

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	10,214	0	0
304	Structures and Improvements	4,578	2.45	112
307	Wells and Springs	19,044	2.97	566
311	Pumping Equipment	11,834	5.05	598
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	59,170	1.80	1,065
331	Transmission and Distribution Mains	130,961	2.20	2,881
333	Services	6,390	2.96	189
334	Meters and Meter Installations	15,197	3.82	581
335	Hydrants	7,457	1.94	145
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	4,363	5.14	224
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	269,208		6,361

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 12,037	\$19,577
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	3,331	3,700
146	Notes/Receivables from Associated Companies	45,199	33,565
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 60,567	\$56,842
	FIXED ASSETS		
101	Utility Plant in Service	\$ 257,755	\$269,208
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(112,946)	(119,307)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$144,809	\$149,901
	TOTAL ASSETS	\$205,376	\$206,743

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$1,172	4,671\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	0	10,000
235	Customer Deposits	14,784	17,616
236	Accrued Taxes	386	805
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$16,342	\$33,092
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$20,266	\$14,897
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	66,779	67,089
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	3,506	3,506
272	Less: Amortization of Contributions	(1,192)	(1,269)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$69,093	\$69,326
	TOTAL LIABILITIES	\$105,701	\$117,315
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$12,400	\$12,400
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	87,275	77,028
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$99,675	\$89,428
	TOTAL LIABILITIES AND CAPITAL	\$205,376	\$206,743

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$128,457	138,244
460	Unmetered Water Revenue		
474	Other Water Revenues	14,012	5,021
	TOTAL REVENUES	\$142,469	\$143,265
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	5,281	7,231
618	Chemicals		
620	Repairs and Maintenance	15,065	23,117
621	Office Supplies and Expense	6,133	9,220
630	Outside Services	53,073	39,906
635	Water Testing	204	187
641	Rents	12,239	12,142
650	Transportation Expenses	1,000	1,707
657	Insurance – General Liability	708	548
659	Insurance - Health and Life	2,532	1,626
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense	6,016	6,361
408	Taxes Other Than Income	10,109	10,410
408.11	Property Taxes	4,897	5,102
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$117,257	\$117,557
	OPERATING INCOME/(LOSS)	\$25,212	\$25,708
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$28	\$178
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(66)	(55)
	TOTAL OTHER INCOME/(EXPENSE)	\$(38)	\$123
	NET INCOME/(LOSS)	\$25,174	\$25,831

COMPANY NAME**FOOLS HOLLOW WATER COMPANY, INC.****SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$16,166

Meter Deposits Refunded During the Test Year

\$12,074

COMPANY NAME Fools Hollow Water Company, Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-628643	40	150	520'	8"	2"	1977
55-628644	Not in use	Not in use	460'	6"	N/A	1965

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
None		10	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
300,000 (40%=Fools Hollow/ 60%=Park Valley)	1	None	
40,000 – Not in use	1		

COMPANY NAME Fools Hollow Water Company, Inc.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	Plastic	1505
3	Plastic	145
4	Plastic	10,095
5		
6	Plastic	20,240
8	Plastic	3,685
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	322
3/4	3
1	4
1 1/2	
2	1
Comp. 3	1
Turbo 3	1
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

None

STRUCTURES:

One (1) well house

OTHER:

N/A

COMPANY NAME: Fools Hollow Water Company, Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	297	1,038,801	1,134,371
FEBRUARY	294	1,056,335	1,153,518
MARCH	298	1,088,258	1,187,289
APRIL	305	1,802,126	1,962,515
MAY	323	2,416,125	2,619,080
JUNE	325	3,856,436	4,164,951
JULY	318	3,351,837	3,623,336
AUGUST	330	1,669,206	1,816,096
SEPTEMBER	332	2,626,778	2,844,801
OCTOBER	319	1,806,774	1,965,770
NOVEMBER	308	1,212,451	1,320,359
DECEMBER	307	1,220,268	1,328,872
TOTAL		23,145,395	25,120,958

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. <.003 mg/l (55-628643)
(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME FOOLS HOLLOW WATER COMPANY, INC. **YEAR ENDING** 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 5,101.50

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

LEGAL DESCRIPTION: SECTION- TWN RNG ACRES .29 USE 5500
TOTAL VALUE OF OPERATING PROPERTY 500 209-43-142 500
209-29-035

TAX ROLL NUMBER
77828
PARCEL IDENTIFICATION
937-51-020 7
TAX AREA CODE
1020

937-51-020 7 77828

FOOLS HOLLOW WATER CO
JAMES D MCCARTY/PRES
P O BOX 484
SHOW LOW AZ 85902

07-3778

IMPORTANT - SEE REVERSE SIDE
FOR COMPLETE EXPLANATION OF
YOUR 2004 TAX NOTICE AND
PAYMENT INSTRUCTIONS.

2004 TAX SUMMARY (3)		
PRIMARY AD VALOREM TAX		367936
LESS STATE AID TO EDUCATION		00
NET PRIMARY AD VALOREM TAX		367936
SECONDARY AD VALOREM TAX		130578
SPECIAL DISTRICT TAX		00

PAY TOTAL OR HALF TAX

TOTAL TAX DUE	498514
HALF TAX	249257

DELINQUENT DATES
1st HALF NOV. 1 2004
2nd HALF MAY 1 2005

THIS IS THE ONLY NOTICE YOU WILL RECEIVE
NO RECEIPT WILL BE SENT UNLESS REQUESTED

PRIMARY PROPERTY TAX CALCULATION (1)						
ITEM	LIMITED VALUE	ASSTMT.%	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND,BLDGS,ETC.	5937	250	1484	0	7.1444	10602
PERSONAL PROPERTY	200063	250	50016	0	7.1444	357334
TOTALS	206000		51500	0		367936

SECONDARY PROPERTY TAX CALCULATION (2)						
ITEM	FULL CASH VALUE	ASSTMT.%	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND	1000	250	250	0	27337	682
BLDGS,ETC.	4937	250	1234	0	27337	3374
PERSONAL PROPERTY	200063	250	50016	0	25296	126522
TOTALS	206000		51500	0		130578

2004 TAX COMPARISON (4)						
TAX CODE	TAX JURISDICTION	2004 PRIMARY	2004 SECONDARY	2004 TOTAL	2003 TOTAL	DIFFERENCE
02000	NAVAJO COUNTY	32527	00	32527	23265	9262
02001	SCHOOL EQUALIZATION	23484	00	23484	22995	489
07010	SHOW LOW SD #10	247210	35092	282302	288127	-5825
08150	NORTHLAND PIONEER COLLEGE	64715	13009	77724	70229	7495
11204	SHOW LOW FD	00	63860	63860	58515	5345
11900	FIRE DISTRICT ASSISTANCE FUND	00	5150	5150	10223	-5073
13002	CITY OF SHOWLOW SLID	00	5649	5649	00	5649
14900	NAVAJO COUNTY LIBRARY DISTRICT	00	1030	1030	975	55
15728	NAVAJO COUNTY FCD	00	303	303	326	-23
29999	PUBLIC HEALTH SERVICE DISTRICT	00	3909	3909	3700	209
30000	NORTHERN ARIZONA VIT	00	2576	2576	2437	139
	TOTALS	367936	130578	498514	480792	17722

TEAR OFF ALONG DOTTED LINES

TEAR OFF ALONG DOTTED LINES

FOOLS HOLLOW WATER CO., INC.

P.O. BOX 484
SFOYLOW, AZ 85802
PH. 928-537-1114

THE STOCKMEN'S BANK
240 S. CENTRAL AVENUE
SFOYLOW, AZ 85801

1259

81-504-1221
4/28/2005

PAY TO THE ORDER OF
Manuel Hernandez - Navajo Co. Treasurer

\$ 2,492.57

Two Thousand Four Hundred Ninety-Two and 57/100

DOLLARS

Manuel Hernandez
Navajo County Treasurer
P.O. Box 668
Holbrook, AZ 86025

MEMO #937-51-070 7

Victoria McCarty

⑈001259⑈ ⑆122105045⑆ 2901001319⑈ ⑈0000249257⑈

Ck# 1259 Date 05/10/05 Amt \$2,492.57

2005 PROPERTY TAX NOTICE

ARIZONA

BOOK	PARCEL # MAP	PARCEL	2005 ASSESSMENT RATIO	2005 PRIMARY TAX RATE PER \$100 ASSESSED VALUE	2005 SECONDARY TAX RATE PER \$100 ASSESSED VALUE	JURISDICTION DISTRICT \$ PER ACRE	2005 NET ASSESSED VALUE	2005 TOTAL TAX
937	51	020 7 1020		6.4963	3.7830			
			209,000	25.0	52,250	0	52,250	3,394.32
			209,000	25.0	52,250	0	52,250	0.00
			204,120	25.0	51,030	0	51,030	3,394.32
			1,000	25.0	250	0	250	1,823.54
			3,880	25.0	970	0	970	0.00
								TOTAL TAX DUE FOR 2005
								5,217.86

JURISDICTION	2005 TAXES	2004 TAXES	DIFFERENCE
NAVAJO COUNTY	331.11	325.27	5.84
SCHOOL EQUAL	227.71	234.84	-7.13
SHOW LOW SD #10	2,638.46	2,823.02	-184.56
NORTH-PIO COLLG	794.20	777.24	16.96
SHOW LOW FD	975.56	638.60	336.96
FIRE DIST AST FD	52.25	51.50	0.75
CTY-SHOWLOW SLID	50.53	56.49	-5.96
NAV CO LIBRARY D	15.68	10.30	5.38
NAVAJO COUNTY FD	3.66	3.03	0.63
PUBLIC HLTH SERV	102.56	39.09	63.47
NORTHERN AZ VIT	26.14	25.76	0.38
TOTALS	5,217.86	4,985.14	232.72

0206790 01 AV 0.278 **AUTO HB 0 0784 85902-0487



FOOLS HOLLOW WATER CO
JAMES D MCCARTY/PRES
P O BOX 487
SHOW LOW AZ 85902-0487

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK.

PAYMENT INSTRUCTIONS

To pay the 1st half installment, send the 1st half coupon with your payment postmarked no later than Nov. 1, 2005. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 1, 2006. To pay taxes for the full year, send the 1st half coupon with your payment postmarked no later than Dec. 31, 2005. Delinquent interest will be waived.

Make your check payable to and mail to:

Manny Hernandez
Navajo County Treasurer
PO Box 668
Holbrook, AZ 86025-0668

MEMO PWMC

#001375# ::121050451: 2901001319#

clk# 1376

Date 11/02/05

Amt

\$22.00

FOOLS HOLLOW WATER CO., INC.

P.O. BOX 484
SHOW LOW, AZ 85902
PH. 928-537-1114

THE STOCKMEN'S BANK
SHOW LOW BRANCH
240 S. WHITE MOUNTAIN ROAD
SHOW LOW, AZ 85901

1378

91-504-1221
10/27/2005

**PAY TO THE
ORDER OF**

Navajo County Treasurer

Two Thousand Six Hundred Eight and 93/100*

\$2,608.93

Navajo County Treasurer
P.O. Box 668
Holbrook, AZ 86025

Navajo County Treasurer
P.O. Box 668
Holbrook, AZ 86025

DOLLARS

MEMO
937-51-020

#8613700	#1570507227	#9617007062	#5580920000
			<i>Sue & Tim's mail</i>

Victoria, McCarter

0000260893

Clk# 1378

Date 11/14/05

Amt

608.93

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED

MAY 16 2006

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <u>Navajo</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Victoria McCarty, Secretary</u>
COMPANY NAME <u>Fools Hollow Water Company</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

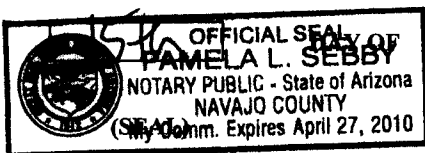
I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Victoria McCarty
SIGNATURE OF OWNER OR OFFICIAL
928-537-1114
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



COUNTY NAME <u>Navajo</u>
MONTH <u>May 16 2006</u>
SIGNATURE OF NOTARY PUBLIC <u><i>Pamela L. Sebb</i></u>

MY COMMISSION EXPIRES 04-27-2010

COMPANY NAME Fools Hollow Water Company, Inc YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>- 0 -</u>
Estimated or Actual Federal Tax Liability	<u>- 0 -</u>

State Taxable Income Reported	<u>- 0 -</u>
Estimated or Actual State Tax Liability	<u>- 0 -</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>- 0 -</u>
Amount of Gross-Up Tax Collected	<u>- 0 -</u>
Total Grossed-Up Contributions/Advances	<u>- 0 -</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Victoria McCarty
SIGNATURE

5/15/06
DATE

Victoria McCarty
PRINTED NAME

Secretary/Treasurer
TITLE

RECEIVED

MAY 03 2006

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	NAVAJO
NAME (OWNER OR OFFICIAL) TITLE	VICTORIA MCCARTY, SECRETARY
COMPANY NAME	FOOLS HOLLOW WATER COMPANY

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 138,244.47

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 10,409.86
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15th

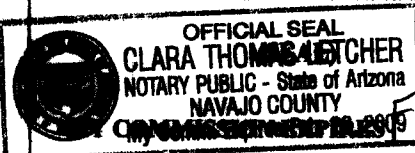
DAY OF

TELEPHONE NUMBER

928-537-1144

COUNTY NAME	<u>Navajo</u>	
MONTH	<u>May</u>	<u>2006</u>

Clara Thomas Letcher
SIGNATURE OF NOTARY PUBLIC



Feb. 23, 2009

RECEIVED

MAY 03 2006

AZ CORP COMM
Director Utilities

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

COUNTY OF (COUNTY NAME)	NAVAJO		
NAME (OWNER OR OFFICIAL)	Victoria McCarty	Secretary	TITLE
COMPANY NAME	FOOLS HOLLOW WATER COMPANY, INC.		

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 123,132.50

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 9277.51
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Victoria McCarty
SIGNATURE OF OWNER OR OFFICIAL

928-537-1144
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

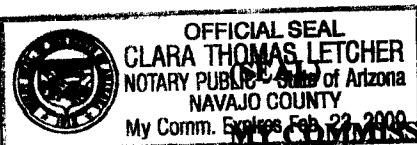
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

1st

DAY OF

NOTARY PUBLIC NAME	
COUNTY NAME	Navajo
MONTH	May 2006



x *Clara Thomas Letcher*
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES Feb. 23, 2009